

FISCAL NOTE

SB 2672 - HB 2936

March 6, 2000

SUMMARY OF BILL: Allows licensed health care providers, such as physicians, dentists, optometrists, pharmacists, etc. to enter into joint negotiations with health insurance companies when the insurer has substantial market power. The Department of Commerce and Insurance is to calculate the covered lives of insurers in order to measure market power. The health care providers are to remain free to independently contract with the insurer. TennCare managed care organizations are exempted from the bill. The Attorney General is to approve such negotiations if the pro-competitive benefits to jointly negotiate outweigh any anti-competitive effects and the insurer has substantial market power.

ESTIMATED FISCAL IMPACT:

**Increase State Expenditures - \$227,800 Recurring
\$27,500 One-Time**

Other Fiscal Impact: There is no direct impact on health costs to TennCare or the state employee's health insurance program. However, to the extent that joint bargaining by health care providers increased prices and health insurers passed on such costs to all health plans, total expenditures for TennCare and the state plan would increase significantly.

Assumes a need for:

- four positions and associated expenses in the Office of the Attorney General to administer the act.
- one position and associated expenses in the Department of Commerce and Insurance to make statistical calculations called for in the bill.

CERTIFICATION:

This is to duly certify that the information contained herein is true and correct to the best of my knowledge.



James A. Davenport, Executive Director

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